



City of Dublin

Office of the City Manager

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Memo

To: Members of Dublin City Council

From: Dana L. McDaniel, City Manager

Date: February 25, 2016

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Re: Office Competitiveness Study

Summary

The shifting demographics are re-shaping suburbs. According to national media and real estate studies, once thriving office parks are becoming obsolete in the market place. Nationally, nearly one billion square feet of inventory is sitting idle, a figure that adds up to about 7.5 percent of the national office inventory, according to the white paper published in September 2015 by Newmark Grubb Knight Frank (NGKF) – one of the largest commercial real estate service firms in the world.

Beginning three decades ago, Dublin has defined itself as a premier employment center in central Ohio. The City's emphasis on jobs, particularly higher-wage office jobs, is the foundation of its economic health and high quality of life for residents.

Approximately 87% of Dublin's office inventory (Class A, B and C) was built in the 1970s, 1980s, and 1990s following the traditional suburban office parks model. Approximately 12% of that space is currently vacant. Several factors contribute to these vacancy rates including:

- Lower parking ratios
- Lack of walkable amenities
- Building age
- Visibility/Wayfinding
- Lack of public transit
- Lack of sustainable practices to gain maximum benefits of the land and location
- Location
- Floor plate size and building size
- Lack of basic curb appeal

Acknowledging these facts and the requirements listed by companies trying to locate to Dublin, Economic Development and Planning initiated a study to understand the resolvable elements, such as parking ratios, as a first step to improve the competitiveness of Dublin's legacy office parks. The consultants for this project include POD Design Group, Sidestreet Planning, and DiSalvo Development Advisors.

This Memo summarizes the background, process, focus sites and design elements, and next steps.

Background

Dublin's major office parks developed in the 1980s and 1990s. During these earlier periods, parking ratios for these buildings and uses generally met minimum zoning requirements of between three and four spaces per thousand square feet of gross floor area. At the time, this was an appropriate ratio for those business conditions. The lots that were constructed also had specific requirements for interior and perimeter landscaping and screening, as well as required pavement and parking setbacks. Many of the developments were governed by individual planned development texts approved with the zoning of the properties. Some of these had their own requirements for parking ratios, landscaping, and setbacks; others deferred to the Zoning Code in effect at the time.

Today, business models have changed as new technologies, office use, design, and operations have emerged. These fundamental changes have resulted in lower square footage needs for individual offices, reduced storage needs, and other changes that require more employees per square foot in the office buildings. As a result, parking lots that were adequate 10 years ago no longer are able to sustain the required operations of many of Dublin's businesses, which has led in large part to higher office vacancies.

Many of these issues have been investigated for some specific areas in the City in the Viability and Competitiveness Study for the Metro Office and Blazer Research Districts, one of the City's business neighborhoods. One of the issues discussed during the Metro-Blazer study included parking needs. The process outlined below lists the focus sites and provides vision and potential short-term and long-term solutions.

Concurrently, we have learned that the lack of walkable amenities has had a direct impact on the ability to lease office space, as well as leasing rates themselves. Workforces today expect to be able to walk to lunch, fitness center and other services. They expect these to be available after hours as well. The challenge for outdated office parks is to find the space for such uses, as well as the facility that supports walking, biking and transit connectivity.

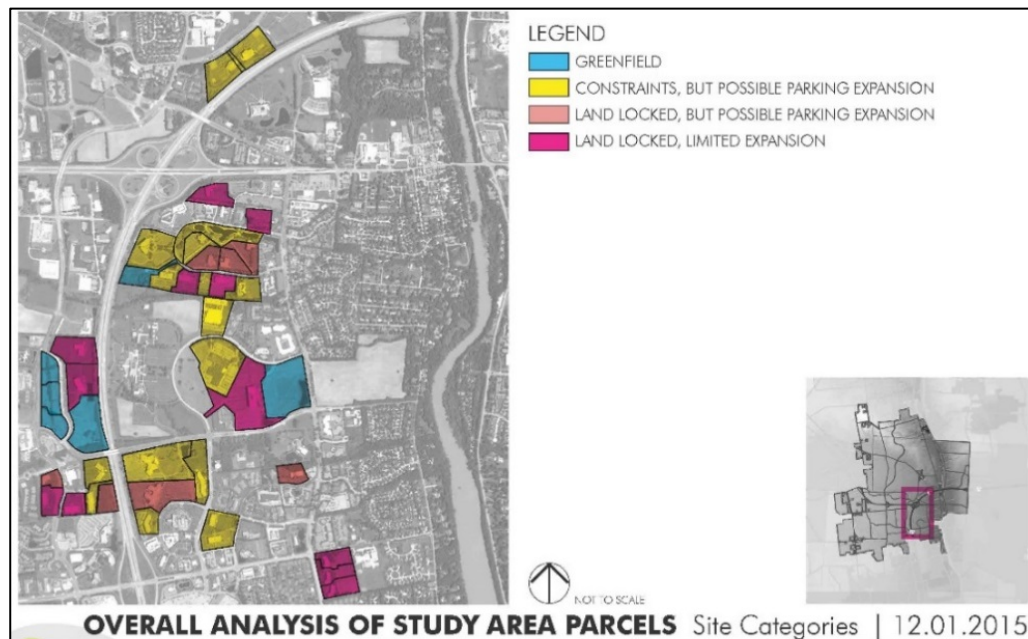
Office Competitiveness Study

The Office Competitiveness Study sought to identify those factors that could improve the marketability of Dublin's older office buildings. These tended to focus on parking (landscaping standards as related to parking) and amenities.

Parking: Economic Development staff identified the focus sites with parking issues. After touring these sites and making on-site observations for parking habits, the consultants classified these sites as:

- a. Green Field
 - b. Constraints, but possible Parking expansion
 - c. Land locked, but possible expansion
 - d. Land locked, but limited expansion
2. On-site observations revealed the following correlations for vacancy rates:
- a. A clear correlation between parking ratios and building vacancy (depending on single tenant and multi-tenant).

- b. Cars are always parked within a 450-500 feet radius.
- c. The parking lot corners were always empty where the visual connection to a main entrance to the building was blocked, even within the 450' radius.
- d. Vacancy rate increased with the lack of walkable or quick drive to amenities such as restaurants.
- e. Acres of prime land are underutilized (stormwater ponds), especially within walkable distance of offices and hotels with great spending potential, especially within Metro Center and Frantz Road corridor. Estimated annual retail and food and beverage spending power of hotel patrons within walking distance (.25 miles) in Metro-Blazer area ranges between \$22-24 million per year, whereas spending power for office workers ranges between \$5.5-13 million. The Frantz Road corridor also benefits from higher traffic volumes connecting Tuttle area with Historic Dublin. However, the current lack of the support services (with market potential) is affecting the marketability of these office buildings.
- f. The case studies for Metro Center, Nationwide, and Parkwood sites reveal that some of the traditionally practiced zoning standards are not meeting the intent of those standards such as screening and buffering standards, parking islands requirements, tree preservation and replacement requirements, stormwater management requirements, and parking lot design standards affecting the parking ratios.

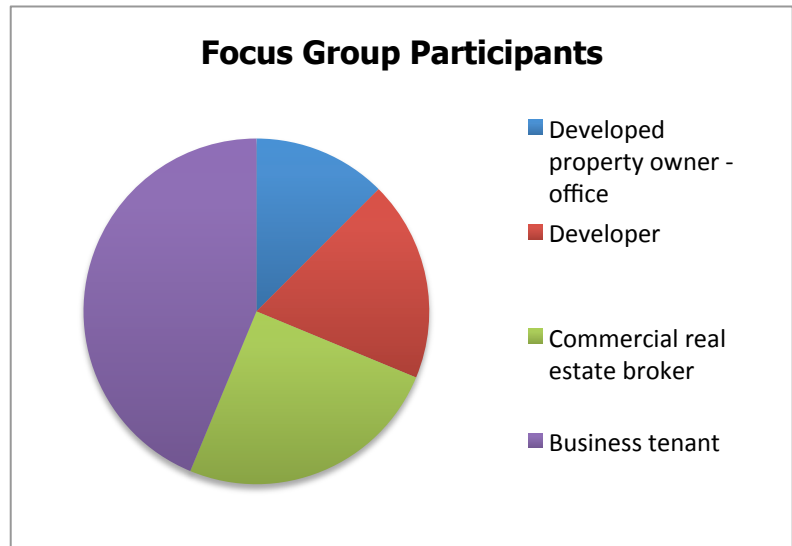


- g. Lack of public transit within the City of Dublin has also triggered higher parking ratio demands by the companies trying to locate in Dublin area.
3. As part of the study process, a focus group meeting was held at the Dublin Entrepreneurial Center (DEC) on December 1, 2015. Developers, real estate brokers, and building owners and company owners were invited to be part of the focus group. Approximately 30 participants attended the focus group meeting. The summary of the input received at the meeting is listed below.

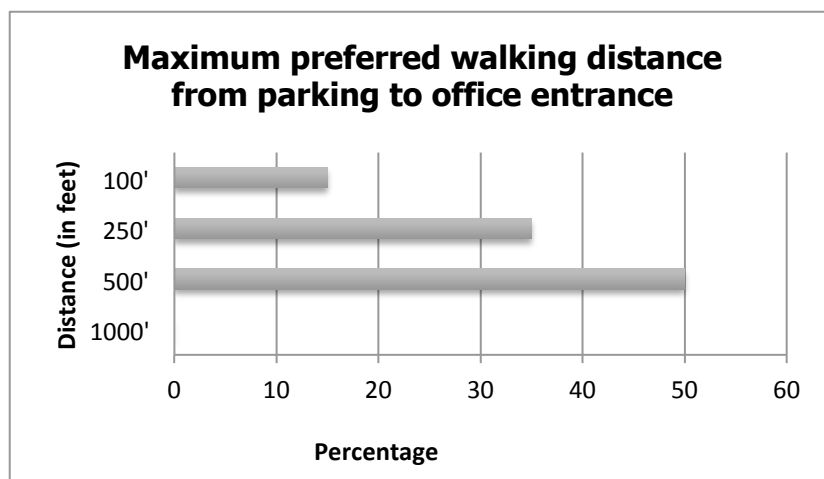
When asked about the perceived amount of parking at existing legacy office developments, responses were:

- 55% "Below Average"
- 45% "Average"
- 0% "Above Average"

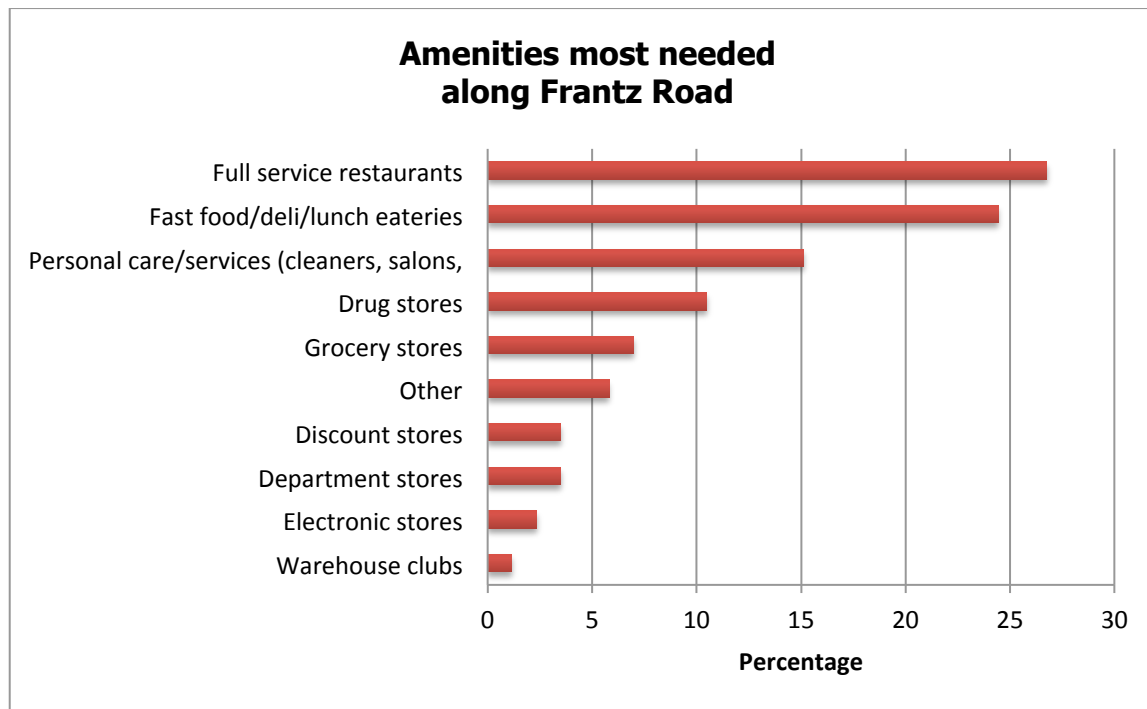
While not an unexpected response, this perception does not completely line up with the reality of the existing conditions, but reflects the most challenged areas/buildings. There are certainly buildings with lower than average parking ratios, and those influence the general perception disproportionately, as studies have shown having to look longer for a parking space on one occasion offsets the perception of finding a space quickly several times.



The participants were also asked about their maximum preferred walking distance from a parking space to the entrance of an office building. These responses were very much in keeping with the observed behaviors that were catalogued in the field regarding parking behavior. This chart reflects the typical observation that parking over 500 feet from a building entrance results in very low parking space usage, unless there is a very high parking demand relative to nearby spaces at that location.



Amenities: It was clear through research and stakeholder interviews that the lack of walkable amenities was challenging for the marketability of existing office buildings, especially those isolated in office parks. At the DEC event, participants were asked to select up to four choices from a list of potential amenities that might be needed along Frantz Road to support the nearby legacy offices.



Barriers to Development: The focus group participants were given the opportunity to provide answers to two open-ended questions (listed below are the direct responses from the participants):

What are biggest challenges with the current office zoning code/development process?

- Lack of "want"
- Too much oversight, stifles entrepreneurs trying to build businesses because everything must look exactly the same
- Not considering the wellness of people who work there. Focusing more on profitability.
- Landscaping requirements, frontage. (2 responses)
- Setbacks. Requirements for green space. Density limitations
- Signage restrictions/limitations (3 responses)
- Requiring landscape that is not maintainable long term
- Curb cuts across medians
- Focus on replacing missing trees even though mature trees are taking up more space than new smaller trees
- Traffic patterns don't make sense
- Cost-prohibitive planning regulations
- Sidewalks between the parking space and the building are not completed
- Transportation alternatives?
- Economic feasibility for small business

- Too many islands that take up parking and are difficult to maintain. Use history to evaluate landscaping requirements and choices. 5yr/10/15/20/25
- Signage doesn't allow customers to find our businesses
- Impractical landscaping requirements
- Impact on cost to lease space?

What could the city do next to most help office competitiveness?

- More stuff in walking distance!!
- Very good engagement and meeting. The resolution of the Frantz bridge street intersection is important and no solution on horizon. Casto shopping center needs to be part of the strategy.

Recommendation and Next Steps

Staff is not presenting any specific recommendations regarding action items at this time. Staff is prepared to continue this effort with additional research, analysis and potential recommendations based on Council's discussion/direction that will lead to a plan amendment and code update for Metro and Blazer office areas.

Staff's primary goal is to advance its initial findings regarding the issue of these legacy office parks and their viability and competitiveness. Based on the site observations, existing conditions review and the feedback received from the stakeholders, following are the steps identified:

Background Research

1. Refine development strategies
2. Refine site retrofit strategies
3. Explore support services to capitalize on market opportunities and to attract young workforce
4. Explore alternative and sustainable practices for better land uses

Develop Recommendations

1. Based upon planning issues, prepare policy recommendations that support code provisions and design guidelines
2. Prepare code provisions that support creation of a new mixed use office zoning district for the planning area
3. Prepare design guidelines that implement the policy recommendations and zoning provisions

Review and Adoption Process

1. Continue dialogue with business community
2. Engage adjacent neighborhoods
3. Refine recommendations and propose plan amendment and code amendment to Planning and Zoning Commission and City Council